

## Message Text

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17 13

ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 EB-11 COME-00 TRSE-00 OMB-01

SCI-06 SCEM-02 INT-08 DOTE-00 CG-00 FPC-01 NEA-10

DRC-01 /165 W

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R 100945Z DEC 73

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 8946

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E.O. 11652: N/A

TAGS: ENRG HK

SUBJ: PETROLEUM -- HKG PREPARES TO TIGHTEN THE SCREWS

REF: A) HK 11248, B) -315

SUMMARY. CHARY OF TAKING DRAMATIC ACTION WHICH MIGHT PRECIPITATE PANIC, THE HKG HAS ARMED ITSELF WITH CONTROL POWERS AND ANNOUNCED THE FIRST CONTROL ORDERS WHICH ARE LARGELY COSMETIC IN NATURE. IN THE MEANTIME THERE IS INCREASED LOCAL INTEREST IN THE PROSPECT OF INCREASED IMPORTS FROM THE PRC AND CERTAIN "MYSTERY SUPPLIERS" WHO ALLEGEDLY HAVE CRUDE AVAILABLE FOR THE HIGHEST BIDDER. END SUMMARY.

BEGIN UNCLASSIFIED

1. FACED WITH THE PROSPECT OF AN EXCITABLE POPULACE STORING POL UNDER THE BED AND ESTABLISHING A BLACK MARKET, THE HKG HAS MOVED SLOWLY ON THE QUESTION OF RATIONING AND FUEL CONSERVATION MEASURES. THE DIRECTOR OF OIL SUPPLIES MADE AN APPEAL TO INDUSTRY, ON NOVEMBER 27, TO SWITCH OFF LIGHTS AND MACHINERY  
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WHEN NOT IN USE AND GAVE OUT A LIST OF USEFUL ENERGY-SAVING

TIPS. ON DECEMBER 7, THE GOVERNOR-IN-COUNCIL APPROVED WIDE-RANGING EMERGENCY POWERS WHICH, IF INVOKED, WOULD INCLUDE:

- A) REGULATION OF SUPPLY AND DISTRIBUTION (READ RATIONING) OF OIL, ELECTRICITY, AND GAS;
- B) PRICE CONTROLS;
- C) REGULATION OF PUBLIC AND PRIVATE TRANSPORT; AND
- D) REQUISITIONING OF OIL STOCKS.

THE ENFORCEMENT PROVISIONS OF THESE REGULATIONS INCLUDE WIDE POWERS OF ENTRY AND SEARCH AND PENALTIES OF UP TO HK\$100,000 (US\$20,000) AND UP TO TWO YEARS IMPRISONMENT.

2. THE FIRST TWO ORDERS UNDER THESE REGULATIONS WERE PROMULGATED ON DECEMBER 7. THE FIRST PROHIBITS NEON AND ELECTRIC ADVERTISING LIGHTS BEFORE 6 PM AND AFTER 10:30 PM. THE PROHIBITION ALSO EXTENDS TO LIGHTS FOR RECREATION, ENTERTAINMENT, AND SPORTING EVENTS. THE SECOND ORDER PROHIBITS FILLING STATIONS FROM SUPPLYING GASOLINE OR DIESEL FUEL IN CONTAINERS. THE LATTER ORDER IS DESIGNED TO PREVENT HOARDING WITH ITS ATTENDANT FIRE RISKS. FIRE INSPECTORS HAVE SEIZED, DURING THE PAST WEEK, A NUMBER OF KEROSENE DRUMS, LP CONTAINERS, ETC. THAT WERE ENDANGERING CROWDED APARTMENTS.

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3. THE INITIAL ORDER, CURBING ADVERTISING LIGHTING, HAS LITTLE PRACTICAL VALUE; SUCH LIGHTING ACCOUNTS FOR LESS THAN ONE-HALF OF ONE PERCENT OF ELECTRICITY CONSUMPTION. IT IS HOPED THAT, BY EXAMPLE, IT MAY ENCOURAGE INDIVIDUAL COMPANIES AND CONSUMERS TO CONSERVE ENERGY. IN THE MEAN-TIME, THE HKG'S EXTRAORDINARY POWERS WILL HAVE TIME TO SINK INTO THE POPULAR CONSCIOUSNESS. OIL COMPANY EXECUTIVES POINT OUT THAT NOT ONLY ADVERTISING LIGHTING, BUT ALSO GASOLINE CONSUMPTION ARE MARGINAL TO HONG KONG'S REAL SUPPLY PROBLEM: FUEL OIL FOR GENERATING ELECTRICITY AND BUNKERING SHIPS. IF GASOLINE RATIONING IS INSTITUTED OR A BAN IMPOSED ON SUNDAY DRIVING, THEY WILL BE UNDERTAKEN FOR THEIR PSYCHO-LOGICAL IMPACT. PRESENT RATES OF FUEL OIL CONSUMPTION ARE LIMITED OFFICIAL USE

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GREATER THAN INCOMING SUPPLIES; ALTHOUGH PRECISE FIGURES FOR THE GAP ARE UNAVAILABLE, INFORMED OBSERVERS AGREE THAT CONSUMPTION IS EATING INTO INVENTORIES. EVENTUALLY, THE GOVERNMENT WILL HAVE TO FACE UP TO THE PROBLEM OF RATIONING OIL FOR INDUSTRIAL USE, A COURSE WHICH THE OIL ADVISORY COMMITTEE HAS URGED SOONER RATHER THAN LATER.

4. THE LOCAL PRESS HAS MADE MUCH OF ALLEGED OFFERS OF OIL

TO HONG KONG WHICH WOULD PRESUMABLY SOLVE THE COLONY'S PROBLEMS IN THE FASHION OF A DEUS EX MACHINA. PAPERS, IN EARLY DECEMBER, QUOTED AN "ARAB SOURCE IN HONG KONG" AS OFFERING TO SELL OIL TO HONG KONG WITH THE STIPULATION THAT IT NOT BE DISTRIBUTED BY ANY US FIRM. A HKG SPOKESMAN QUICKLY POINTED OUT THAT INTERNATIONAL RELATIONS ARE HANDLED BY WHITEHALL AND NOT THE HKG. THERE HAS ALSO BEEN INCREASED INTEREST IN SUPPLIES FROM THE PRC WHICH HAVE BEEN GROWING (SEE REF B) IN KEROSENE AND DIESEL, BUT NOT IN THE CHIEF PROBLEM AREA OF HEAVY FUEL OIL. LASTLY, THE DECEMBER 9 WEEKEND PAPERS WERE FULL OF REPORTS OF "MYSTERY SUPPLIERS" READY TO UNLOAD SUPPLIES AT BLACK MARKET PRICES IN HONG KONG. OIL EXECUTIVES DISMISS THE REPORTS AS RUBBISH, POINTING OUT THAT A FEW WILD-EYED OIL BROKERS HAVE APPEARED ON THE SCENE WITH IMPROBABLE PROPOSALS. BLESSED WITH A MILD CLIMATE, HONG KONG DOES NOT FACE A COLD WINTER, BUT IF PRESENT DEVELOPMENTS CONTINUE THE SPRING MAY SEEM UNSEASONABLY CHILLY FOR MANUFACTURERS.

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## Message Attributes

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